



# Army Business Transformation Primer: The Transformation Burning Platform

## Module 1

- Discuss the overall context for Business Transformation including:
  - Catalysts for Change
  - Global Considerations
  - Army's Operating Environment



**This briefing module is the first in a series of two which discuss Army Business Transformation**

As you have no doubt already experienced, the Army is in the process of implementing some momentous change to its operating forces, the most significant in 50 years.

But, of course, if you've been around it for awhile, you know that our operational force has always been in continual change. Our Generating Force, the war fighting support component of our Army, on the other hand, has not kept pace. We are a legacy of the post-WWII age that saw our institutional bureaucracy expand to equip and sustain an Army with a relatively stable Cold War mission. In the last several years that mission has changed, burgeoning in complexity, and we are in danger of losing ground, unless we also transform our institutional practices, and our institutional culture to make the business side of the Army equally innovative and adaptive.

We're talking about a fairly complex issue, that is impacting a 1.4 million person organization, with as much complexity in its structure and its missions, as any organization in the world. So it makes sense to structure this presentation accordingly. We'll divide it into four modules.

- This first one steps back and examines the over all context for business transformation from a general context and looks at global drivers for transformation
- The second module will take a deeper dive directly into the Strategic Transformation Approach the Army is utilizing to Transform
- The third will address additional transformation enablers
- The fourth will apply transformation principles across broader Defense logistics efficiency opportunities

This presentation—module 1—provides a general orientation of the Army's Business Transformation Initiative, and the Lean Six Sigma Deployment. It explains the sense of urgency for initiating Business Transformation and describes the strategic framework for BT, which integrates the three focus areas, Continuous Process Improvement, Organization Analysis and Design, and Situational Awareness.

Next it explains the concepts of Lean Six Sigma, and the high-level plan for it's deployment.

[The notes appended to each slide are mere starting points. You are encouraged to add examples, or additional context to improve the message's relevance to your audience.]

## Army Business Transformation Primer Overview



The Army Deputy Under Secretary for Business Transformation (DUSA(BT)) has developed a two part primer describing Army Business Transformation as outlined below:

### Module 1: Transformation Burning Platform

- *Discusses the Catalyst for Change*
- *Highlights Global Considerations*
- *Describes the Army's Operating Environment*

### Module 2: The Army's Approach

- *Discusses the Army's Business Transformation Strategic Framework*
- *Highlights Key Implementation Considerations*
- *Reviews Lessons Learned*

The first module sets the stage, providing context around the Army's Business Transformation by taking a glance at Business Transformation in the context of business and industry around the world. The presentation illustrates that while there is much about the Army's Transformation that is truly unique, the Army faces challenges common for all undergoing major transformation which implies lessons learned and best practices from other organizations which have successfully made transformed may be leveraged.

The second module allows the reader to take a deeper dive within the Army's transformation approach. The three primary components of the transformation methodology are described:

- Continuous Process Improvement (CPI)
- Organizational Analysis & Design (OA&D)
- Situational Awareness (SA)

It also introduces a variety of transformation enablers in place including:

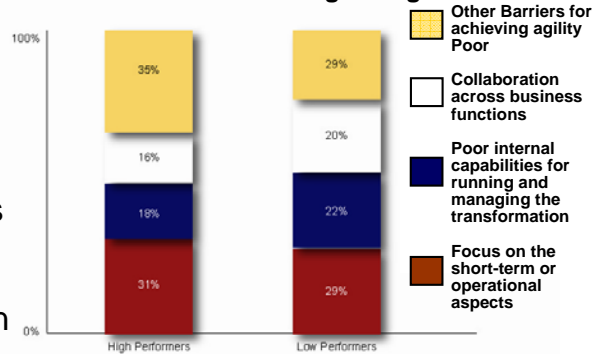
- Governance
- Risk Management
- Change Management
- Performance Measurement
- Professional Development

## Why change?



- Evolving Business Strategies
- Regulatory Pressures
- Market Pressures
- Budgetary Constraints
- Uncertainty
- Technology/Innovation
- Need for Agility

### Barriers for achieving change



Source: Capgemini Global CIO Survey 2007 – IT Agility

High Performers: Positive perception of business performance  
Low Performers: Negative perception of business performance

**Change is inevitable ...**  
**It is becoming increasingly important for the Warfighting Support Army to understand and be able to anticipate and react to change**

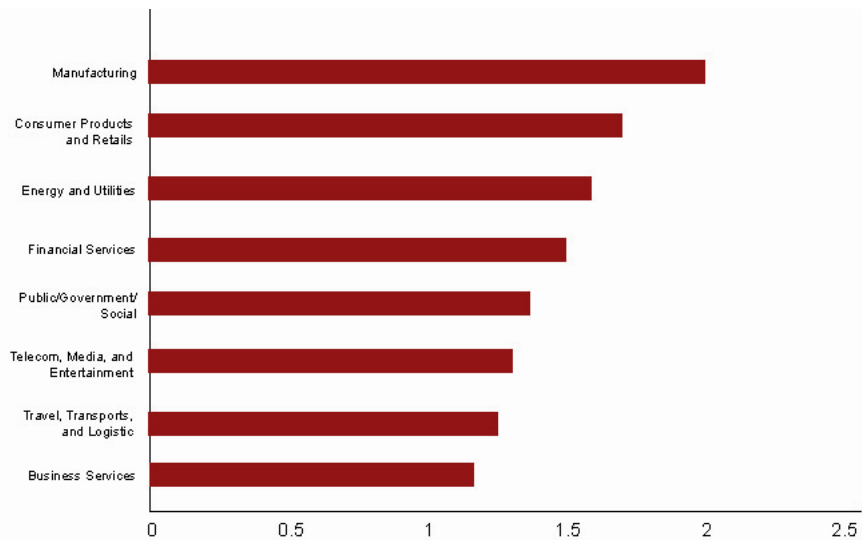
Since the scope of our discussion is limited to Business Transformation, we will, for a moment, talk about just business. Whether its for profit, or not for profit, across industries or across the globe, organizations – businesses if you will, have felt pressures to change the way they do business in some way or another. A number of factors have provided that pressure, as you see listed on the left of this slide. They may come from outside the organization, or from within. Some factors build up over time. Visionary leaders can see them coming, and they prepare their organizations to ride the bow wave of those pressures to new levels of success. Other factors come suddenly, without much warning. Again the high performing organizations have leveraged their internal strengths to transform themselves.

The Army is no different in that respect. It faces the same longer building pressures and the short-fuzed events. It also embodies solid leadership institutions and a positive core, a capability borne of its culture to mobilize itself to transform.

## The driver for change varies based on the industry; however regulatory change is the most common



Source: Capgemini Global CIO Survey 2007 – IT Agility



NOTE: The study assessed the number of changes during the last three years

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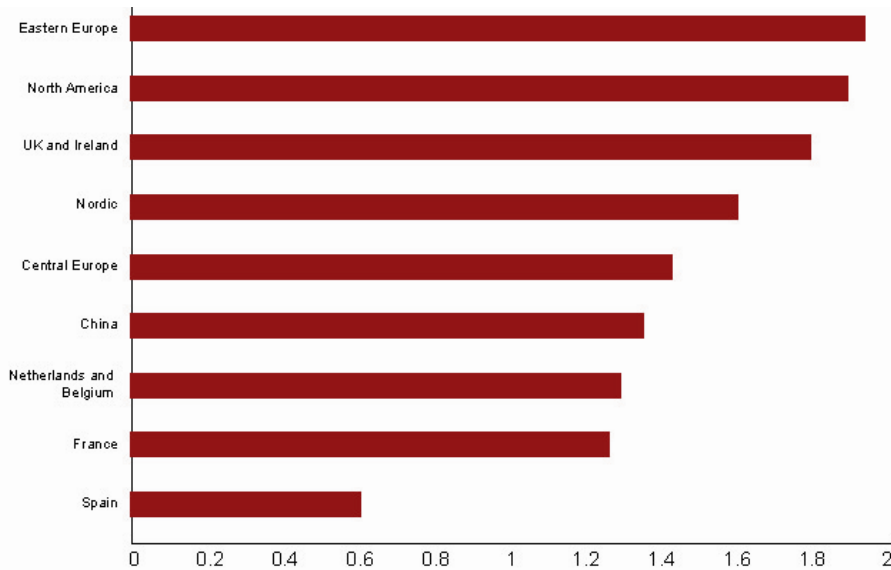
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Returning our focus for a moment to the private sector, this chart provides another perspective relevant to the Army's situation. Depending on the industrial context, organizations face change at different rates, with service providers, generally feeling the pressure less frequently. It's reasonable to infer that service industries, such as much of the Army's support organizations, simply don't get the same amount of practice at transformation as other industries. Less experience could further infer a higher risk for those organizations that don't face change as frequently.

Regulatory changes were consistently ranked as a driving force for change across all geographies except Spain and China



Source: Capgemini Global CIO Survey 2007 – IT Agility



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If you look at Business Transformation pressures from a specific dimension, in this case, regulatory pressures, you can see the disparity of pressure by geography. Not surprisingly, North American Industry sits near the top of this chart in the rate of change it undergoes due to this factor. The U.S. Army is essentially a North American institution with a global reach. By its size it is impacted by regulatory change.

## Global forces cause enterprises to reassess their business operations



- Globalization
- Regulatory
- Political
- Technology
- Energy costs are volatile and supplies are dwindling
- Diversification of channels



I just stated that the Army is a North American institution with a global reach. That sheer breadth of scale of Army infrastructure to support global missions and the unique requirement to support the mobility capabilities of the Army is something few other business sectors face. It does business in local markets, employs local labor, and deals in local real estate. Within the constraints of Status of Forces agreements between the U.S. and other countries, it complies with country-specific regulatory policy. It is impacted by local politics, obviously. Those same global dynamics that impact any global corporation, and drive the imperative for flexibility, increased efficiency and effectiveness to stay competitive, also influence the Army's need for similar capabilities, if it is to free up resources to better support its warfighting components. Private sector businesses have an easily identifiable value chain that leads to their customers. The Warfighting Support Army is recognizing its equivalent value chain that leads to the Warfighting components. In that recognition, it is seeing similar pressures as are faced by its private sector peers, and is also starting to see the relevance of their hard-learned lessons.

## About the United States Army



### Key Facts

- FY07 Presidents Budget is approximately \$110.4B, not including supplementals
- People – Army End Strength
  - Active Military 547.4K
  - Reserve Military 564.2K
  - Civilians 243.0K
  - Contractors ~213.0K
- Recognized by CJCS as “the busiest Service” with Soldiers deployed in 120 Countries
- Fleet
  - Wheels Vehicles ~237,000
  - Tracks Vehicles ~ +28,000
  - Rotary Wing ~4,200 airframes
- Installations
  - \$251B Plant Replacement Value
  - ~4,100 Installations and centers
  - ~14.0M acres
  - ~56,487 miles of roads
  - ~973 Million square feet of buildings

### ...As a corporation

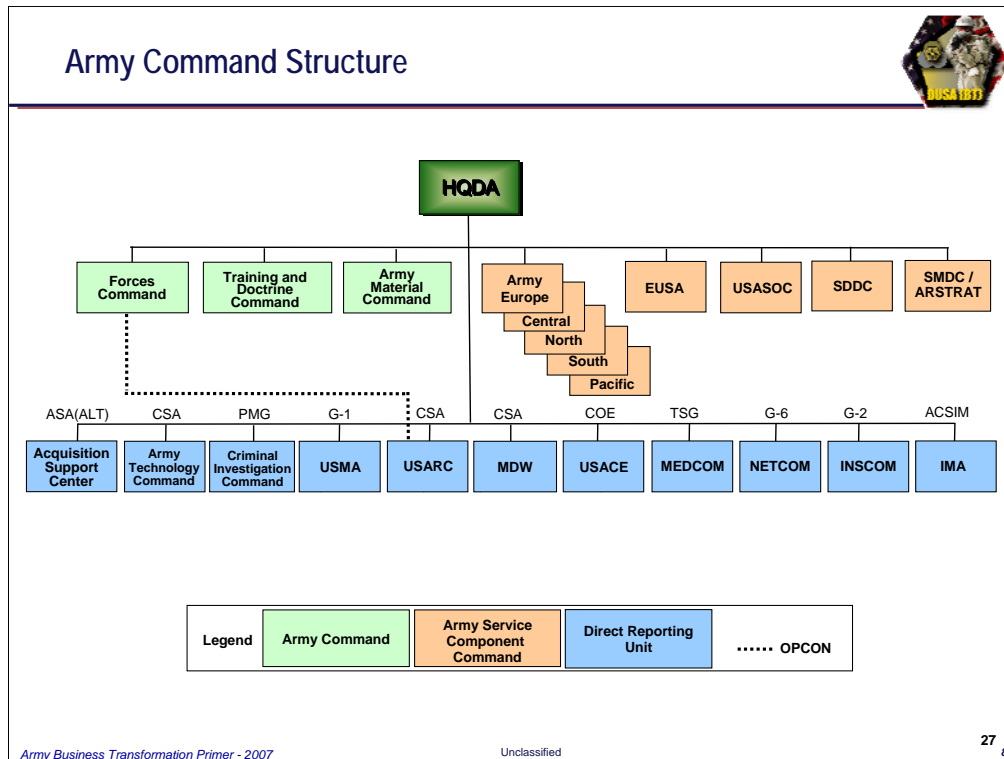
- The Army would rank #6 on the Fortune 500 based on revenue
- The Army's workforce is comparable in size to Wal-Mart and McDonalds (1.5M)

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With that background, now is a good time to review a few numbers that size up the Army as a large ongoing concern. Just looking at its hard assets and human resources, in comparison to some equivalent corporations should give us some good context on this organization. These numbers pretty much speak for themselves. The significant comparison is that on the right side of the slide, which would put the Army around #6 in rankings of the worlds largest corporations. Just as impressive is the breadth of assets and resources managed from aircraft, to vehicles, to real estate, to human capital. Those numbers only hint at the mind-numbing complexity of this organization; geographically dispersed, centralized in it's hierarchy, and some processes, but decentralized in location, mission and organization structure.



Organizationally speaking, this picture describes the breadth of the Army's organization, which manages all those assets and resources. With the equivalent of a global headquarters at the top, the subordinate boxes each depict the equivalent of an independent operating unit of varying sizes. Some are situated regionally across the world. Others are focused on specific functions. The blue boxes represent organizations tied to specific functions within the Army, with a staff element being a center of excellence, so to speak, and the related organization being an executing body.

The dark green box at the top is itself fairly complex as this next slide indicates.



What is unique to the Armed Forces organization and management structure is the power-sharing arrangement between uniformed service people, and their civilian counterparts. In fact, it is the civilian leadership which, by statute, wields the greater power. In many cases, one management role has a counterpart across the uniformed/civilian dividing line. In other instances, the position/role is unique.

## Today's Full Spectrum Challenges



### ■ **Complex Threats**

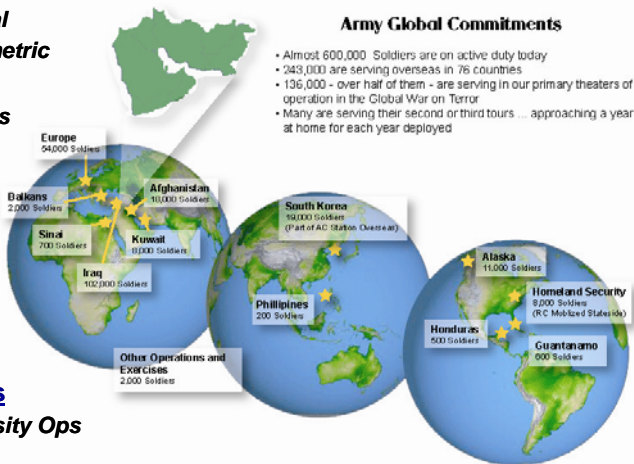
- **Conventional—traditional**
- **Unconventional—asymmetric**

### ■ **Complex Environment**

- **World wide Commitments**
- **Culture, Language**
- **NGO's**
- **Media**
- **Political**
- **HN Police and Military**
- **Mix of Combatants and Non-combatants**
- **Full range of Terrain**

### ■ **Full Spectrum Operations**

- **Conventional High Intensity Ops**
- **Stability Ops**
- **Support Ops**



*The security environment has changed ... increasing our Army's global commitments.*

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Let's shift focus to the context around what we're facing.

The National Defense Strategy identifies an array of traditional, irregular, catastrophic, and disruptive challenges that will pose threats to the Nation. These threats are becoming increasingly complex. We will no longer face only conventional Armies or even adversaries who operate within clearly established political boundaries. Instead, we will face enemies that employ irregular tactics, terror and asymmetric warfare. They will be increasingly trans-national and dispersed.

We are engaged in a long struggle against adversaries who are ruthless and unconstrained in the application of methods and tactics to achieve their ends. Our previous concepts of security, deterrence, intelligence and warning do not adequately address the threats we now face. To defeat these adversaries, who will be neither deterred by nuclear or conventional weapons nor defeated in battles with decisive outcomes, we must remain vigilant in our commitment to employ all forms of national and international power – diplomatic, information, economic, and military – in a concerted, integrated manner.

This is the strategic context that the Army faces now and will continue to face for the foreseeable future. It identifies the current environment with complex threats and challenges. Over the past several years, these threats have resulted in an increased number of Soldiers deployed overseas and away from home stations and families.

## The Army's Global Commitment





**Our Nation is at war** and will continue to be engaged in a **long, evolving conflict** against **learning, adaptive adversaries** – requiring Soldiers to conduct **military operations worldwide**, ranging from humanitarian assistance to combat.

**Our Army is innovative** – improving in many ways to enable Soldiers and leaders, as part of the Joint Team, **to dominate in any environment** against current and emerging threats. We must continue to **evolve how we think, train, organize, and equip**.

*Continued and consistent investment in leader development, training, technology, and installations guarantees capabilities, today and in the future, for your All-Volunteer Soldiers and family members serving our Nation.*

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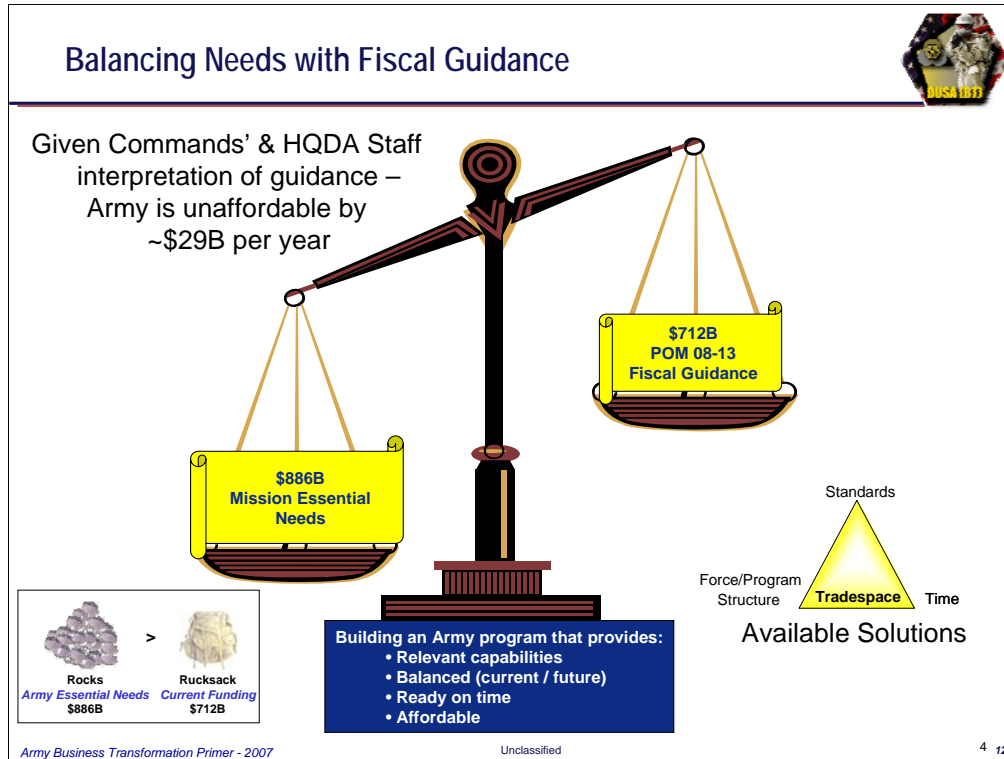
The implications of the evolving security environment are clear.

The Nation will continue to be engaged in a long struggle of continuous, evolving conflict that, as in Afghanistan and Iraq today, will manifest itself in complex traditional and irregular challenges. These struggles will be waged in the **human dimension** by Soldiers required to put “boots on the ground.”

To operate effectively in this dimension, as part of joint, interagency, and coalition teams, our Soldiers must be better prepared to deal with the **full spectrum** of threats posed by evolving security challenges – from the traditional to the disruptive. The Warfighting Army must continue to adapt its forces and generating structure by realizing improvements in: speed; survivability; lethality; precision; networks to support situational awareness and **command of forces (1)**; logistics systems to support operations in theater; and in the global logistical infrastructure that will transport Soldiers, equipment, and supplies. The combined effect of all of these improvements will produce greater strategic responsiveness. And it requires an entirely new level responsiveness and agility from it's Warfighting Support side.

The Army **must be prepared to operate with little to no warning** with joint and combined partners in expeditionary and campaign settings. We will no longer have the luxury of partially manning, equipping, or training a unit and relying on significant warning time to mobilize, train, and prepare to deploy. Rather, the units we have designated to be available for deployment will need their full complement of Soldiers, equipment, and training – to be ready for immediate deployment from our power projection infrastructure.

Failure to invest in the right capabilities – by improving our doctrine, organizations, training, materiel, leaders, people, and facilities – will increase risk for our Soldiers, the Joint Team, and the Nation. Building the capabilities required to hedge against the uncertainty of tomorrow will require **prudent investments today**. These investments must be sustained at predictable, consistent levels over time – a departure from historic patterns of spending, which have increased our Nation's vulnerability at the outset of each of the major conflicts of the 20th century.



To build and sustain an Operational Army with the right capabilities, that enables it to be ready in time, balanced between current and future challenges, will require more resources than those that are available to us; approximately \$29B, in fact.. Per year!

The challenges facing our nation, for which our Army is tasked, will not go away. There is no one else to take a hand-off.

At the same time, here are the dollars available. The Army's share of Defense dollars has been steadily trending downward. Increasing national pressure to reduce the federal deficit, coupled with rising fuel costs, health care, and other costs we experience in our own lives, will impact the buying power of the resources appropriated to accomplish Army missions. We don't see any change in that trend.

It boils down to this. If the Army is to meet all these increasing challenges, with only these resources, we must get much smarter about how we use what we have. That means a fundamentally different way to think about, and perform our business. Hence, a need to change the way the Army does business.

## The Army's Burning Platform

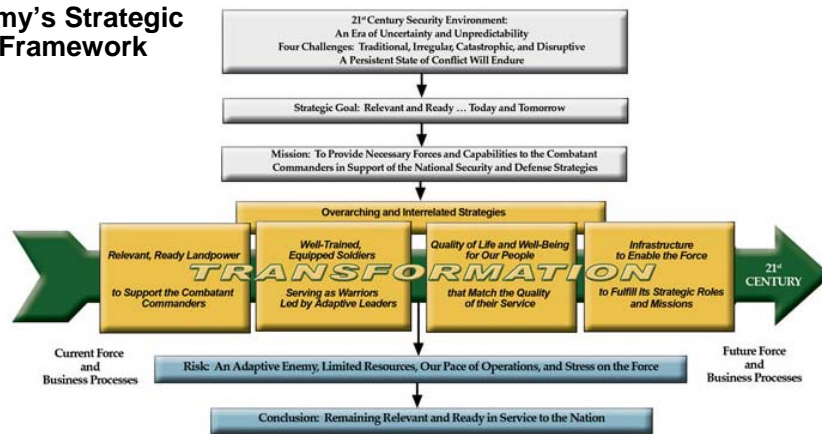


- “ Our commitment to current and future readiness in the face of uncertainty is driving how we are transforming; modernizing; and realigning our entire global infrastructure of bases, depots, arsenals, and equipment sets.”

Peter Schoomaker, General United States Army Chief of Staff

Dr. Francis J. Harvey, Secretary of the Army  
Army Posture Statement 2007

### Army's Strategic Framework



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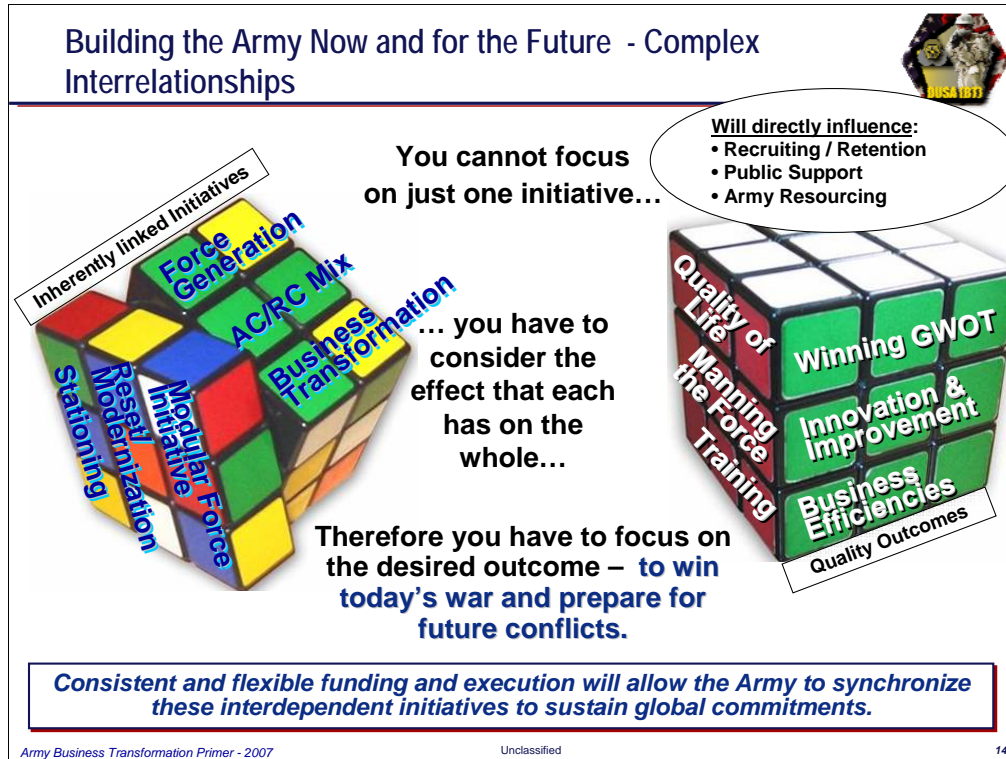
So this is the Army's Burning Platform. It's a situation in which, to do nothing, or even continue down the same path of doing business the same inefficient ways, will lead to disaster. To meet it's mission, our senior leadership has fashioned this strategic framework that depicts Transformation as the means to supporting the Warfighting Army.

*“Transformation is a multidimensional and interdependent process that involves adapting new technologies to warfighting and business operations; developing improved joint operating concepts and business processes to utilize the technologies; changing organized structures and, most importantly, developing leaders, people and a culture that are relevant to the future.”*

Dr. Francis J. Harvey

Secretary of the Army

This is a different approach to efficient resourcing than the Army has taken before. We are undergoing the largest business transformation in management science history. We are already demonstrating success in a variety of areas. All for the purpose of freeing up resources that we can refocus to the Warfighting Army.



And here is more reality. The complexity of managing a 1.4 million person organization with multiple missions and global commitments is just about unimaginable. Just the interrelationships with multiple modernization initiatives, create impacts that are multi-dimensional. Each one in itself is significant. Each has powerful sponsorship and its own “burning platform” driving it. At the same time each one has interdependencies with other initiatives. Any movement, innovation, or resource shifting within any one initiative will impact at least one other Army process area. Business Transformation both impacts, and is impacted by these initiatives in different ways. A partial, but significant solution to navigating that complexity is the flexible and consistent funding that Business Transformation can provide. By freeing up resources through continuous improvement, and organization analysis and design, and adding capability to flex those resources more proactively through more situational awareness, Business Transformation can actually facilitate the management of all these initiatives, as well as others going further into the future.

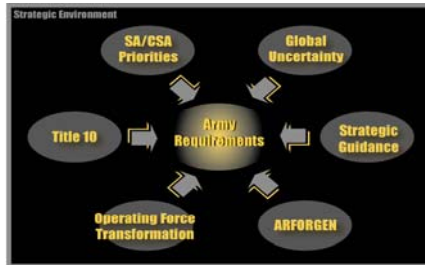


## Business Transformation – Desired Effects



### Situation

- The Nation is at war – operating in a dynamic environment with complex threats
- Fiscal constraints and Congressional Guidance
- Strategic environment generating requirements of the future Army



- Business Transformation team has primarily been focused on establishing the foundation and Launching Business Transformation

### Desired Effects

#### In Summary

Change the way the Army does business

**Goal:** "The goal of our effort is to free human and financial resources for more compelling operational needs. Realizing this goal depends upon improving processes, developing tools to enhance enterprise-wide situational awareness and decision making, and reducing organizational redundancy and overhead."

2007 APS

- Reduce cost and cycle time, while prioritizing effectiveness over efficiency
- Maximize return on taxpayer dollars
- Consistent investment in leader development
- Embed in the Army Culture an irreversible ethos of continuous improvement

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This is a good place to summarize a few significant points in how the Army is in synch with all this; just a simple "Where have we been, Where do we stand now?" and "Where do we need to be?"

### So, where have we been?:

First and foremost; We are at war, a dangerous and insidious one the likes of which we've never faced before.

We're facing fiscal controls, and congressional guidance borne of our national culture and way of government; realities that for better or worse, constrain the Army's flexibility to meet it's current and future missions without some intervention, which isn't likely to come from outside.

Amidst all this, the rest of the strategic environment requires us to continue a major focus on getting ready for the future.

### What are we doing now?

The Army is launching a new Business Transformation with a specific result or goal in mind. It has created a strategic framework built around the best practices and lessons learned of the best of American Enterprise, and is executing on that strategy in the largest evolutions of management science ever attempted.

### Where do we need to be? To what effect is this effort undertaken?

The first line of this goal from the Army Posture Statement says it all; to free human and financial resources for more compelling operational needs. Not profit, not rebate, but reinvestment into the Army's mission. If we do it right, we'll be executing on the things listed in these bullets [listed beneath the goal statement]. The bottom two are worth singling out.

The Army recognizes that training and education are essential in two ways. First, different disciplines and skills will be required to transform the Warfighting Support Army, and our leaders must master them. Second, to sustain this transformation, and imbed an irrevocable culture of continuous improvement in the Army, we have to build a bench strength of leadership in whom these disciplines are second nature, who will lead the next generations of the workforce.

## Questions To Consider



- Why Transform?
- What are the imperatives?
- What are the key messages to create the catalyst for change?
- How can each level of the organization get involved?
- What is the resource commitment?
- As an individual, how does this impact me?

A 1995 Gartner study reported that over half of corporate business transformations failed. 80% of CEO's whose major transformation efforts failed to gain the expected results, cited employee resistance to change as the leading cause. They failed to resolve these questions with their stakeholders, and thus failed to overcome the enormous inertia of a workforce that had always moved in one direction, at a specific pace for generations.

The Army, as all large organizations, is largely comprised of people who do not act or respond as machines. That is, they-and especially their leaders- do not, at the flip of a switch, turn of a dial, or series of keystrokes, simply change direction, speed up, start doing things differently. A Business Transformation is a change of the largest order, and requires varying levels of commitment by those who will be impacted.

If leaders are to effectively, successfully lead their organization through such a change, they must resolve these questions, not only in themselves, but to the satisfaction of the workforce they lead.

- These questions force leaders to articulate the sense of urgency; "the burning platform", as well as the desired endstate-a vivid picture of a successful future, or vision.
- Leaders must plan how they will communicate the right messages to raise awareness, inform, and educate stakeholders in those themes, in terms relevant to them.
- Not only that, they need to engage stakeholders with the guidance and direction for the way ahead, in terms relevant to their audience.



Learning Objectives:  
Module 1 - Transformation Burning Platform



1. Discuss the Catalyst for Change
2. Highlight Global Considerations
3. Understand the Army's Operating Environment

So, how well did we do over this last period?

We set out with these objectives.

To meet the first one, we discussed in a very broad sense, the kinds of situations and influences, that drive organizations almost anywhere to re-look how they are currently doing business.

We focused purposely on a broad, global perspective to illustrate the complexity of issues out there, and how they are made all the more difficult by their impact on each other.

And finally, we illustrated how the Warfighting Support Army – as the “business side,” faces the same level of complexity brought on by global forces of every dimension. In response to that, the Army is adapting proven best practice methods and technologies to face those complexities, just as have the best of American Enterprise.



## Army Business Transformation Primer: The Army's Approach

### Module 2

- *Discusses the Army's Business Transformation Strategic Framework*
- *Highlights Key Implementation Considerations*
- *Reviews Lessons Learned*



Now you are ready for the next module in our two part series on Army business Transformation. In the next module, we drill down into how the Army is doing it - how are they going to execute a Business transformation larger than anything of its kind ever undertaken before. This will include a walk through the strategic Business Transformation Framework and the three primary methods established to support Transformation, namely:

- Continuous Process Improvement (CPI)
- Organizational Analysis & Design (OA&D)
- Situational Awareness (SA)

It will then lead you through a select group of transformation enablers viewed as crucial to supporting, and even accelerating, all the activity that needs to happen.

So, join us shortly, won't you? For a mind bending, consciousness expanding experience sure to change the way you view the Army as you knew it.

For More Information, please visit [www.army.mil/ArmyBTKC](http://www.army.mil/ArmyBTKC)



Additional information is available for your reference through the Army's Business Transformation Knowledge Center (BTKC). Besides an explanation of the Transformation's strategic elements, the site will link you to scores of other industrial best practices, as well as a continuously expanding list of Army success stories.

As always, feedback is a significant component of continuous improvement, and we would appreciate yours as you examine this site. Please click on the "Feedback" button at the top, and send us your perspectives. Always appreciated.

We appreciate the feedback.